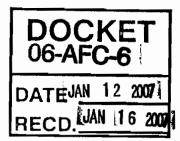


January 12, 2007

Lorne Prescott Project Manager California Energy Commission 1516 Ninth Street, MS-15 Sacramento, CA 95814



Re: Eastshore Energy Center - Items for Discussion with Hayward Staff

Dear Mr. Prescott:

As we discussed, below is a summary of the issues we would like to discuss with CEC staff related to the proposed Eastshore Energy Center in Hayward.

Traffic and Transportation

- ◆ The traffic study prepared for the project used a different methodology to determine impacts to levels of service (ICU versus Highway Capacity Manual that is used by Hayward), which makes it difficult to compare project impacts to existing or future impacts without the project, as anticipated by City
- ◆ Incorrect method (ICU) was applied to analyzing an unsignalized intersection significantly impacted by construction traffic when properly analyzed
- ◆ Lack of information regarding cumulative impacts both during construction of both the Eastshore Energy Center and the Russell City Energy Plant, particularly related to the impacts at nearby intersections, especially Clawiter/Depot and Clawiter/Route 92.

Utilities

 More detailed analysis and specific ways to monitor discharged effluent to City's wastewater treatment plant

Hazardous Materials

- ◆ Lack of analysis related to impacts of potential need for additional staffing for Hayward Fire Department related to the operation of the plant
- Phase I analysis does not have the professional's stamp and more importantly, doesn't identify local underground plumes of contamination in the area; concern that analysis is not specific to proposed project and area
- ◆ Local regulations do not allow above-ground storage of more than 600 gallons of flammable material (two 10,000-gallon aqueous ammonia tanks are proposed)

◆ Lack of analysis of air quality impacts should accidental release of aqueous ammonia occur

Air Quality

- Analysis does not adequately identify number and proximity to sensitive receptors in the area (schools, day care centers, convalescent homes), nor adequately analyze potential air quality impacts to such residents/businesses associated with normal plant operations and accidental releases of hazardous materials
- Cumulative air quality impacts associated with operation of both the proposed plant and the Russell City Energy Center

Land Use

 More analysis should be included that addresses compatibility of proposed plant and associated hazardous materials to the area and the City's plans that envision more high-tech, business park-type uses along this portion of the City's Industrial Corridor

Aesthetics

- More analysis should be provided that addresses visual impacts and compatibility of fourteen, 70-foot tall stacks in an area that does not have such structures
- More analysis should be provided that addresses visual impacts and compatibility of 90-foot tall 115-kV distribution line towers along Clawiter Road and 200-foot high over-crossing over State Route 92
- ◆ Clarification of whether proposed 115-kVdistribution line towers will replace existing 40 to 50-foot tall 12-kV poles (one section says existing poles will be replaced bottom of page 8.11-6), another section says they may be replaced top of page 1-4)
- Generally, the rationale and justification for rejecting the alternatives is limited and not particularly meaningful. A more expansive discussion is in order

Alternative Sites Analysis

- Expanded discussion as to why other sites in the East Bay and general vicinity were not considered should be included (page 9-4, for instance, indicates the new plant would need to be in close proximity to PG&E's Eastshore substation, but no reasons for such requirement are given)
- More explanation why other sites in the area were not considered should be provided, especially in regards to minimum six-acre site size requirements

Cumulative Impacts Analysis

• Expanded analysis that incorporates impacts of proposed Russell City Energy Center should be included, since that plant is proposed to be in operation

Benefits to the Local Community

♦ A summary of the benefits to Hayward and its residents should be included (Note that page 9-1 indicates one of the project objectives is to "provide much-needed reliable local power supply...to the Eastshore substation to meet the area's

demand." Will the local community actually benefit from the proposed plant, in terms of energy availability and production?)

Please let me know if you have any questions or need further clarification. I can be reached at 510.583.4305 or at jesusa@hayward-ca.gov. I look forward to your response and the upcoming January 29 data response workshop.

Sincerely,

Jesús Armas

City Manager

cc: Larry Arftsten, Fire Chief

Robert Bauman, Public Works Director

Susan J. Daluddung, Community and Economic Development Director

Greg Trewitt, Tierra Energy